

**STUDY OF SUPPLIER PERCEPTION OF
THE NEW JORDANIAN VAT TAX**

Prepared by
Water Efficiency and Public Information for Action
(WEPIA)

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Background

WEPIA has been promoting the use of WSD by the public sector, the private sector and householders. The public is slowly becoming aware of that fact and some of the suppliers have noted an increase in purchasing. However, the increase in sales noted up to January 2001 has stopped, almost entirely. The reason behind this was thought by suppliers to be due to the establishment of the Value Added Tax (VAT) that was believed to place an additional burden of 17% on all products. It is this addition of the VAT by the government without simultaneously removing the 13% sales tax which was difficult to understand and will seriously impair any water conservation problem.

Based upon the above-mentioned background, WEPIA decided to study the tax situation on WSDs in Jordan and to test the authenticity of these claims and their impact on the supply-and-demand of WSDs in the local market.

Interviews

A series of interviews with government officials from the General Sales Tax Department, Ministry of Finance, Ministry of Water and Irrigation, WSDs suppliers and distributors, in addition to WEPIA team members, were conducted to collect data relevant to the tax situation.

A. Government Officials:

- Ms. Manal Mazahreh, Ministry of Water and Irrigation
- Mr. Ibrahim Hijazin, General Sales Tax Department, Ministry of Finance

B. Private Sector

- Mr. Sudqi Bustami, Grohe Representative, Jordan
- Mr. Hani Hajlouqah, RST Co. (Water and Energy Saving Equipment)
- Mr. Mansour Ramadan, Rawnaq Hardware Stores
- Mr. Hassan al-Amad, Al-Nabulsi & Al Amad
- Mr. Hasan Jbara, JBARCO
- Mr. Mohammad Taha, Al Mukhtar Ceramics
- Mr. Haitham Al-Lathqani, LaMaison

Findings

1. There is a Sales Tax on WSDs. A general tax of (13%) is imposed by tax Law no. (36) OF 2000 on the supply or import of taxable goods or services. (Article (6) of Jordan Second Stage Sales Tax Law).
2. The 17% VAT does not exist.
3. 30% customs duty on all sanitary items as well as items considered to be WSDs such as Electronic faucets, automatic shut-off devices, efficient flushing technology items...) exists. However, Some WSDs such as aerators pay only 10% custom fee.
4. Some of the suppliers did not fully understand the 13% General Sales Tax (GST) and the Value Added Tax (VAT). Initially, the computations on how these taxes are applied seem a bit confusing. For demonstration purposes, the following fictional example has been prepared to show the calculations of GST and VAT.

eg. THE NICE PEOPLE TRADING COMPANY is importing a \$1000 worth of sanitary ware - CIF / Aqaba. The shipment has to pay 30% custom fee and 13% sales tax. The following table explains in numbers the 13% sales tax and the value added tax.

SANITARY WARE EXAMPLE		TOTAL	CURRENCY
MERCHANDISE / CIF AQABA	\$ 1,000.00	\$ 1,000.00	US \$
EXCHANGE RATE	0.71		
MERCHANDISE / CIF AQABA - JOD	710		JOD
30% CUSTOM DUTY	213	923	JOD
13% SALES TAX (PAID ON THE SPOT)	119.99	1042.99	JOD
2% OTHER EXPENSES	20.84	1063.83	JOD
20% OF (923 JOD) / PROFIT MARGIN	184.6	1107.6	JOD
MERCHNDISE TO BE SOLD IN LOCAL MARKET	1107.6		JOD
13% SALES TAX	143.99		JOD
VALUE ADDED TAX (VAT) (143.99-119.99)	24		JOD
PERCENTAGE TAX INCREASE DUE TO VAT	0.026002167		

5. Effective from January 1st, 2001, all sanitary ware including WSDs have to pay the VAT tax. The amount of VAT might vary from one person to another due to

the percentage of the profit margin and the initial cost and volume of merchandise. In the previous example VAT equals to 2.6%.

Recommendations

From the above findings, WEPIA is therefore recommended to implement the following:

1. Although there is evidence from at least one supplier GROHE to show that there is a decrease in sales of WSDs since January 2001. However, there is no indication that the decrease is a result of the implementation of GST and VAT. In order to shed some lights on this issue, **WEPIA is recommended to conduct a study at the end of the year 2001 to examine if such evidence exists.** It is also worth noting that the increase in sales prior to January 2001 is probably due to the fact that the suppliers, distributors and householders were fully aware of the 13% VAT to be added to such items as of January 2001 and were prompted to purchase WSDs prior to its implementation date.
2. Customs fees, GST, and VAT on sanitary-ware, including WSDs, will play an important role in increasing the cost of these items to such an extent that the more efficient items (ex. Electronic faucets, automatic shut-off devices, high-efficiency WSDs, efficient flushing technology items...) would lose their market share, giving the chance to poor quality items of very low water-saving efficiency to invade the local market. Most of these low-cost and inefficient items are of Jordanian manufacture, further complicating efforts to clean up the market. Although the increase would not seriously affect the WSDs due to their relatively low price, it would harm the other more costly and more reliable items. **WEPIA is recommended to obtain a government exemption on custom duty on WSDs as well as GST and VAT.** However, although it would be of great importance to mention that the custom duty plays a much more important role in determining the increase of WSDs prices. Therefore, if choice has to be made, the exemption of custom duty takes precedence over sales tax.

3. WEPIA is recommended to work with Department of General Sales Tax, on explaining the GST and VAT to suppliers and distributors of WSDs and other water efficient sanitary items, and to the general public since it is possible that the perception of the public may also be erroneous envious and contribute to the drop in sales.
4. WEPIA is recommended to work with consumer protection agency as well as other interested bodies and stakeholders, on issues related to understanding and explaining GST and VAT and their impact on WSDs prices.

Appendix

- **JORDAN SECOND STAGE SALES TAX LAW No. (36) OF 2000.**
- **Schedule (1) of the goods subject to the Special Tax, annexed to the Sales Tax Law No. (6), 1994 as amended.**
- **Schedule (2) of the zero-rated goods, annexed to Sales Tax Law No. (6), 1994 as amended.**
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- **Schedule (4) of the non-deductible items, annexed to the Sales Tax Law No. (6), 1994 as amended.**

JORDAN SECOND STAGE SALES TAX LAW
LAW No. (36) OF 2000

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SCHEDULES

Schedules:

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- 2. Zero-rated goods and services (schedule2)**
- 3. Exempt goods and services (schedule3)**
- 4. Tax-paid goods and services ineligible for input tax deduction (schedule4)**

Article (1)

This Law may be cited as " the General Sales Tax Law of 1994", and shall take effect as of the date when it is published in the Official Gazette.

CHAPTER ONE: INTRODUCTORY PROVISIONS

Article (2)

Any reference in this Law to the following words and terms is a reference to the meaning assigned against each hereunder unless the context otherwise requires:

Minister: Minister of finance.

Department: General Sales Tax Department.

Director: Director General of the Department.

General Tax: Sales Tax imposed on importation or supply of any goods or services in accordance with paragraph (a) of Article (6) of this Law.

Special Tax: Sales Tax imposed at advalorem or specific rates on importation or supply of certain goods in accordance with paragraph (b) of Article (6) of this Law.

Tax: The general tax or the special tax, as may be the case.

Person: Natural person or legal entity.

None – Resident Person: Natural person, whether Jordanian or foreigner, who has been abroad for a period exceeding 180 days during the 12 months preceding his departure from the kingdom.

Registered Person: Any person, who has been registered with the Department according to this law, whether obligatorily or voluntarily.

Taxable Person: Any person who imports or supplies taxable goods or service, or both according to this law while he is registered or required to be registered with the Department.

Goods: Any material or animal, agricultural, or industrial product including electricity.

Service: Any thing supplied by a person for a consideration, including the supply of any facility or benefit to a third party, and does not include a supply of goods.

Tax-exempt Goods: Goods and services listed in Schedule (3) annexed to this Law and those exempted by virtue of the provisions thereof.

Article (3)

The following Schedules, annexed to this Law, shall be considered as integral part thereof:

(a) Schedule (1) of the goods subject to the special tax.

(b) Schedule (2) of the zero-rated goods and services.

(c) Schedule (3) of the tax- exempt goods and services.

(d) Schedule (4) of the non-deductible or refundable tax charged on goods and services.

CHAPTER TWO: IMPOSITION OF TAX, TAX RATES AND TAX POINT

(a) For the purposes of this Law, it shall be deemed to be a supply when goods are transferred from, or services are performed by, the supplier to the benefit of the purchaser or recipient for a consideration. It shall also be deemed to be a supply under this Law when goods are used by the taxable person for his own purposes, when a third party is enabled by him to do so, whether or not for a consideration, or when goods are disposed of by any other legal action transferring ownership.

(b) The general tax shall be imposed on the following:

- (1) Any supply of goods and/or service, unless such supply is exempted, relieved, or not subject to tax under this Law.
- (2) Any import of goods or service from abroad or from the free zones, cities and duty-free shops, unless such import is exempted, relieved, or not subject to tax under this Law.

(c) Without prejudice to the provisions of paragraph (b) of this Article, the special tax shall be imposed once and for all on the goods listed in Schedule (1) annexed to this Law in any of the following two cases:

- (1) Import any of those goods from abroad or from the free zones, cities, or duty free shops.
- (2) Putting those goods, if locally produced, for free circulation for the first time, or at the first or subsequent point of sale of goods according to Directives to be specified by the Director.

Article (5)

(a) For applying the provisions of this Law, the Customs Tariff Tables and Explanatory Notes shall be adopted as the reference for identifying the nomenclature of goods .The Minister may, by Executive Instructions, identify the description of services, as may be necessary.

(b) The director may consider the taxable person as supplying either goods or service if both supplied together at the same time, as may be the case. However, the Taxable person may make separate entries for both the supply of goods and the supply of service

(c) For the purposes of this Law, a body that imports or supplies goods or services shall be considered as a Person regardless of its entity.

Article (6)

(a) A general tax of (13%) shall be imposed by this Law on the supply or import of taxable goods or services.

(b) Subject to the provisions of Article (3) of this Law, the special tax shall be chargeable on the goods listed in Schedule (1) annexed to this Law at specific or advalorem rates to be specified by Regulations made for this purpose.

Article (7)

(a) Subject to the provisions of paragraph (c) of this Article, the general tax and the special tax, as may be the case, shall be chargeable at zero rate on the supply or import of any of the following goods and services:

- (1) Goods and services listed in Schedule (2) annexed to this Law.
- (2) Goods and services supplied to free zones, cities and duty free shops, or exported out side the kingdom.
- (3) Goods and services supplied to the bodies relieved from the tax under Article (21) of this Law and according to the provisions there under.

(b) The goods and services listed in Schedule (3) annexed to this Law shall be exempted from the tax.

(c) Subject to the provisions of Paragraph (d) below, the supply of goods and services listed in Schedules (2) and (3) annexed to this Law shall be subject to the general tax if

supplied in combination or in connection with other supply of goods or service subject to this tax.

(d) In case where any of the financial services exempted under Schedule (3) annexed to this Law is supplied in combination with a supply of taxable goods, the supply of such goods shall remain taxable. The taxable value in this case shall be determined by reference to the value of goods in isolation of the exempted service.

Article (8)

Registered person shall be required to account for, declare and pay the tax to the Department within the dates prescribed in this Law.

Article (9)

Time of Supply

(a) Tax becomes due on the supply of goods when any of the following events take place whichever is sooner:

- (1) Delivery of goods. However, the Director may consider the date of the tax invoice as the tax point if this invoice is issued periodically or at the end of a certain period following the date of delivery.
- (2) Issue of tax invoice.
- (3) Receipt of the value of goods, wholly or partially, receipt of credit payment or any other receipt of value according to the agreed terms of payments.

(b) Tax becomes due on the supply of service when any of the following two events take place whichever is sooner:

- (1) Issue of tax invoice.
- (2) Receipt of payment for the service, wholly or partially.

(c) Tax shall be payable in any of the cases provided for in paragraphs (a) and (b) of this Article based on the value covered by the invoice or the amount paid whichever is higher.

(d)

- (1) Tax becomes due on the imported goods during the clearance stage at the tax rate in effect at the time when the Customs Declaration is made.
- (2) Tax shall be collected prior to the release of goods in accordance with the provisions of the Customs Law unless otherwise provided in this Law.

(e)

- (1) General tax becomes due on an imported service when payment for this service is made, wholly or partially. The recipient or beneficiary there from shall be required to pay the tax due to the Department.
- (2) For the purposes of this paragraph, the term "imported services" includes services performed in the kingdom by non-resident persons or by foreign firms or associations that have no branches working in the kingdom.
- (3) Tax shall be payable on goods and services in the free zones, cities and duty free shops when they are used for private purposes or non-business purposes irrelevant to the business operations licensed inside these free zones, cities and duty free shops.

(g) Apart from the cases provided for in this Article, the Minister may, by instructions and for justifiable reasons, determine the tax point in relation to the supply of goods or services including the case where goods or services are supplied for a consideration to be determined periodically, from time to time, at the end of a certain period or after the goods have been used.

Article (10)

The following shall not be subject to tax:

(a) Supply of goods or services if made after they have been used for private purposes or for other purposes not related to the taxable business licensed to the taxable person according to this Law, unless he has already deducted or recovered the tax charged on these goods or services.

(b) Supply of immovable properties unless the tax charged on the goods and services used for their establishment has already been deducted or recovered.

(c) Supply of shares and stocks in companies, investment funds and securities of all kinds.

(d) What officials, employees and workers receive in return for their services or in return for what is related to their services in ministries, governmental departments, official institutions and other public bodies, and all that employees and workers earn for their work or for what is related to their work with their employers, including bonuses and any other sums paid to board members of juridical Persons.

(e) Goods and services imported from abroad by businesses established in the free zones, cities and duty free shops within the limits required to meet their purposes according to their own legislations provided that unliability to tax be limited to their operations carried out in these free zones, cities and duty free shops.

(f) Goods and services exported outside the kingdom from the free zones, cities and duty free shops.

Article (11)

In case where a business related to a taxable goods ceases or is liquidated, tax shall be payable on such goods that shall revert to the legal successor at the time of disposal unless such successor is already registered or has himself registered in accordance with the provisions of this Law.

Article (12)

Goods and services deemed to be contraband or in violation of the provisions of this Law shall be taxable at the tax rates in effect on the date the contraband or violation took place. However, should this date be unidentifiable, then tax rates in force at the time the contraband or violation was apprehended shall be applicable.

CHAPTER THREE: REGISTRATION

Article (13)

(a) Any person who supplies taxable goods or services shall be required to register with the Department at the dates prescribed in this paragraph on the form prepared for this purpose when any of the following cases takes place whichever is sooner:

- (1) At the commencement of a new business relating to taxable supplies if it appears to him that his taxable turnover during the next 12 months may exceed the threshold set by virtue of the provisions of Article (14) of this Law.
- (2) At the end of any month if his taxable turnover during the 12 months then ending has reached the threshold set by virtue of the provisions of Article (14) of this Law.
- (3) At the end of any month during which it appears that his taxable turnover during the 12 months ending by the end of the subsequent month may reach the threshold set by virtue of the provisions of Article (14) of this Law.
- (4) A person who imports taxable goods or services shall be liable to apply for registration on the form prepared for this purpose within 30 days of the first taxable import whatever is the amount of his import, unless such import is for private purposes.

(c) Where a taxable person fails to register with the Department at the dates prescribed under this Law, the Director may agree to register him as from the date on which he is liable to registration in accordance with the provisions of paragraph (a) of this Article.

(d) The Department shall record the registration applications submitted by virtue of paragraph (a) of this Article in a special register prepared for this purpose after they are checked and validated. A registration certificate shall be handed to every registered person thereby.

(e) Every registered person shall be required to notify the Department in writing of any alterations in the particulars contained in the registration application within 30 days of their occurrence.

(f) Executive instructions shall determine the form of registration application, the particulars to be contained therein, the conditions, rules, time limits, announcements and procedures of registration, as well as the certificate to be issued thereat.

Article (14)

(a) Registration threshold shall be specified by Regulations made by virtue of this Law.

(b) A person whose taxable turnover is below the threshold maybe entitled to apply for registration with the Department. In this case the registration provisions made under this Law shall apply to him.

(c) Notwithstanding the provisions of any other legislation, in case where more than one person are associated in supplying goods or services while any of them is not registered and their taxable supplies are of the same nature and they carryout their businesses together or in one location, then for the purposes of the registration threshold they shall be considered as one person when accounting for their taxable turnover.

(d) The registration of any taxable person shall be cancelled by a decision made by the Director in any of the following cases:

- (1) When it is established that the taxable person is no longer making any taxable supplies in accordance with the provisions of this Law.
- (2) When the taxable person applies for having his registration cancelled that he became no longer liable to registration under this Law. Cancellation of registration

shall be effective as of the end of the tax period during which he submitted his application.

(e)

- (1) Tax shall be payable on all taxable goods possessed by the person upon cancellation of his registration according to the provisions of paragraph (d) of this Article. Tax thereon shall be accounted for by reference to the market price or the cost at the time of cancellation whichever is lower.
- (2) The person whose registration was cancelled according to the provisions of paragraph (d) of this Article shall be required to submit a final tax return and pay the tax and any other sums due to the Department on the prescribed dates.

(f) In case where all taxable supplies made by the taxable person are zero-rated, the Director may decide to exempt that person, upon his request, from registration. Should any change occurred later where any of his supplies became chargeable at other rate, then that taxable person would be required to reapply for registration within 30 days of the date the change occurred.

Chapter Four: DETERMINATION AND DECLARATION OF VALUE

Article (15)

(a)

- (1) The registered person, upon supplying his Tax Return, shall be required to declare the true value of the supply of goods or services, which is to be the reference for charging the tax.
- (2) The true value stated above means the actual price paid or payable by the purchaser to the supplier in return for the goods or services supplied.
- (3) The Director may verify the true value by requesting the Taxable Person to produce all the documents, accounts and records related to the supply.

(b) The Special Tax payable on the supply of goods shall be considered as integral part of their true value for the purposes of charging the General Tax.

(c) In case where goods are imported, the value that is subject to the General Tax is the same value adopted for determining the relevant customs dues listed in the customs tariff tables plus any other fees and taxes, including the Special Tax due thereon in accordance with the provisions of this Law, imposed thereon prior to their clearance from the customs centers.

(d) If the supply of taxable goods or Service is for a consideration determined in foreign currency, it shall be exchanged into Jordanian Dinars according to the exchange rate at the time of supply.

(e) The provisions of this Article shall apply to all goods and services that are in violation to this Law or those the tax on which has been evaded.

Article (16) Submission of Returns

(a)

- (1) Every two months the Registrant must submit a declaration of his sales, their value and the General Tax due thereon. The said two months are deemed a single tax period.
- (2) The Registrant responsible for payment of the Special Tax must submit a monthly declaration of the value of his sales, their value and the value of the Special Tax due thereon. Each month is deemed as a single tax period.
- (3) The Director shall determine the beginning and end of tax periods for registered persons.
- (4) Notwithstanding the provisions of Sections (1) and (2) of this paragraph, the Director may increase the Tax period provided that it does not exceed six months.

(b)

- (1) Registered persons shall be required to submit the tax returns, on the form approved by the Department, for every tax period, even if no supplies have been made during that period. Tax return may be submitted in writing or electronically.
- (2) Registered persons shall be required to pay the due tax within the month following the end of the tax period. However, the Director may give the registered person a further period not exceeding one month.

(c)

- (1) The Registrant has the right to amend his declaration upon discovering an error therein within two months of the end of the period specified for the declaration, and the Registrant is not deemed to have committed an offence contrary to the provisions of this Law.
- (2) The registered person shall not have the right to make the amendment stated above in case where the Department had discovered that error before he did. The Registrant shall be required to pay the under declared tax and the delay penalty due for every week or any part thereof caused by this error.
- (3) The amended declaration shall be subject to the same provisions and procedures applicable to the original declaration on condition that the registered person shall not have the right to re-amend the Declaration amended under this Paragraph.

(d)

- (1) If the Registrant does not submit a declaration for any tax period in accordance with the provisions of paragraph (b) of this Article, the Director shall issue an assessment order to be made for that period without prejudice to the other provisions set out in this Law.
- (2) The Registrant may not challenge the assessment order issued pursuant to section (1) of this paragraph unless he submits the declaration which he had failed to file, within a maximum period of 60 days from the date of service of the assessment order, and he pays the full tax declared and the delay penalty due on him. The assessment order in this case shall be rendered as void.
- (3) If the Registrant fails to submit the declaration in accordance with Sub-paragraph (2) above despite the fact that he has been served the assessment notice in accordance with the provisions of this Law, the assessment order becomes final and decisive.

(e)

- (1) If it becomes apparent to the Director that a Person is conducting taxable business and that the estimated value of his sales exceeds the registration threshold and he has not registered in accordance with the provisions of this Law, the Director may issue an assessment order for the value of his taxable sales and the amount of the Tax due thereon.
- (2) The Person referred to in section (1) hereof may object to the assessment order before the Director within 60 days of the date of service of the order.
- (3) If the objection is rejected or not decided by the Director within 30 days of submission, the petitioner may challenge the order before the court within 90 days of submission.
- (4) The assessment order shall be considered final if the objection is not submitted to the Director or not challenged before the court within the periods prescribed in Sub-paragraph (2) above.

(f)

- (1) The Director may, within one year since he made the assessment order under Paragraphs (d) and (e) above, issue a subsequent assessment order to increase the tax assessed as due on the registered person. The registered person has the right to appeal against this order within 60 days since he was served the notice of that assessment order.
- (2) If the objection is rejected or not decided by the Director within 30 days of submission, the petitioner may challenge the order before the court within 90 days of submission.
- (3) The Director's decision becomes final if no objection is submitted to the Director or if no challenge is filed before the court within the period prescribed in this paragraph.

Article (17) Assessments

(a) The Director, or the person authorized by him, may, by Order, amend the Tax Return submitted by the Registered person stating the grounds for that amendment. The Registered person shall be notified of the amendment order, and the Return shall be final if not amended within one year since it was submitted unless the Department is satisfied that the Registered person has committed an offence as stated under this Law.

(b)

- (1) The Registrant may object to the Director within 60 days since he was notified of the amendment decision made under Paragraph (a) above.
- (2) The Director shall make his decision within 30 days of submission. If he rejects it or does not make a decision, the Registrant has the right to challenge the order before the competent court within a period not exceeding 90 days of the date since he submitted his objection.

(c) The amendment decision made by the Director shall be considered final if no objection is submitted to the Director or if no challenge is filed before the court as stated under paragraph (b) of this Article.

(d) The Director may constitute committees to consider the appeals submitted to him under this Article. These committees have the right to seek assistance of competent people and conduct the required analysis. The Director shall issue the necessary Directives to regulate the number, structure and approach of these committees.

(e) Tax shall be added to the price of goods or services, including those that have fixed prices or profit. Accordingly, the contracted price for any goods or service shall be duly modified to include the new tax imposed on the goods or service and binding to the contracting parties in both public and private sector as of the date when the tax becomes effective provided that it be offset against the Consumption tax, if applicable.

Chapter Five Invoices and Records

Article (18)

(a) The Registered person shall be required to:

- (1) Issue a tax invoice as specified by the Executive Instructions for the sale of goods or services subject to the Tax in accordance with the provisions of this Law.
- (2) Keep regular records and accounts to enter business transactions. These records and accounts (including invoices mentioned under Sub-paragraph (1) above) shall be maintained for 5 years following the end of the fiscal year in which entries were made.

(b) The Executive Instructions shall specify the limits, rules, procedures, Registers and their replacements of equipment and computers, or invoices that the Registered Person and Taxable Person are required to keep as well as the details to be contained therein and the documents to be maintained.

(c) The Minister may, by executive instructions, exclude some taxable persons from the provisions of Paragraph (a) above under certain conditions and for justifiable reasons.

(d) In cases where an unregistered person supplies taxable goods or services, the Director may require him to issue invoices and keep regular registers and accounts to record the supplies he makes and to keep such invoices and registers for five years following the end of the fiscal year during which invoices were issued or registers were completed.

CHAPTER SIX TAX CREDIT AND TAX REFUND

Article (19)

The Registered person may, when accounting for the tax due to the Department, credit for the following:

(a) General tax or special tax that has previously been paid or charged on return supplies.

(b) General tax that has previously been paid or charged on credit supplies which have become as bad debts.

(c) General tax that has previously been paid or charged on his purchases or imports of goods and services while he is registered excluding those which are listed under Schedule (4) of this Law.

(d) General Tax paid or charged before registration on the goods at hand at the time when he registers for sales tax.

(e) Special tax that has been paid or charged on goods to be incorporated in the production of other goods subject to the Special Tax.

Article (20)

Tax shall be repaid in accordance with the Executive Instructions issued by virtue of this Law within a period not exceeding 3 months of the date since the claim for refund has been filed, in any of the following cases:

(a) Tax that has been paid on goods or services exported or used in the manufacture of other goods that have been exported.

(b) Tax that has been collected by mistake.

(c) Tax that has been paid since a period of at least six months on inputs deductible under Article (19) above and carried forward as a credit but not yet deducted from the tax charged on supplies made during that period.

(d) Tax previously paid on the goods that leave the country in the possession of Non resident Persons upon their departure, provided that the tax amount to be refunded be not less than fifty Dinars and not more than five hundred Dinars.

(e) Special tax previously paid on goods supplied to the bodies relieved from tax under Article (21) of this Law.

Chapter Seven: Exemptions

Article (21)

(a) The following shall be tax-exempt:

- (1) Goods and services imported or purchased for His Majesty the king.
- (2) Goods and services imported or purchased by non-honorary embassies, commissions and consulates for private use as recommended by the Minister of Foreign affairs and subject to reciprocity.
- (3) Goods and services imported or purchased by diplomats and consuls accredited to the kingdom provided that they be non- Jordanians and non- honorary members as recommended by the Minister of foreign affairs and subject to reciprocity.
- (4) Goods and services imported or purchased by international and regional organizations working in the kingdom, as well as their non-Jordanian staff who enjoy the diplomatic status.

(b) The volume of exemptions listed under sub-paragraphs (2), (3) and (4) of Article (a) above shall be specified by a decision made by the Minister in agreement with the Minister of foreign affairs

Article (22)

(a) Subject to the provisions of paragraph (b) below, the following bodies and items shall be tax relieved:

- (1) Arms, ammunitions, means of transport, their parts and tires imported or purchased by the armed forces, public security, civil defense, intelligence, customs officers and sales tax officers.
- (2) Goods and services approved by the Council of Ministers to be imported or purchased as tax-relieved for the benefit of the bodies provided for under subparagraph (1) above.
- (3) Goods and services imported or purchased to establish the businesses, or their furtherance, which have concessions under the Investment Promotion Law.
- (4) Goods and services imported or purchased for mosques, churches, orphanages, old people and handicapped centers for their private uses.

(b) The bodies provided for under paragraph (a) above shall be required to pay the due tax first and then get it repaid within a period not exceeding 30 days of the date of filing a claim for refund.

(c) Any goods, service or person approved by the Council of Ministers to be tax-relieved, wholly or partially, in certain cases and for justifiable reasons, shall be accordingly relieved upon recommendation of the Minister.

Article (23)

The following items shall be tax-exempt within the limits and conditions to be specified by executive instructions:

- (a) Samples consumed for purposes of laboratory analysis subject to quantities be within the limits of analysis requirements conducted according to the proper accepted techniques.
- (b) Personal objects of no commercial value such as badges, medals and scientific or athletic awards.
- (c) Items imported from abroad as substitutes for damages or shortages of previously supplied or refused consignments the tax on which has timely been paid in full, subject to verification be made by the Customs Department to establish this situation.
- (d) Personal luggage of passengers arriving from abroad, as well as the used furniture, within the limits and conditions provided for under the effective Customs Law provisions for arrivals coming for permanent residence in Jordan.
- (e) Items exported after the tax on which has been paid but not yet recovered, which were subsequently reimported within the period specified in the Customs Law, subject to the verification of the Customs Department.

Article (24)

Notwithstanding the provisions of other laws concerning tax exemptions, exemption from sales tax can only be applicable as provided for under this Law.

Article (25)

(a)

- (1) The person who disposed of any of the exempt goods or used them in any way that contravenes the purposes for which they were exempt within five years following the date of exemption shall be required to pay the Tax due on these goods based on their value and the tax rate applicable at the time of disposition or use.
- (2) If the Tax is not paid as stated under Sub-paragraph (1) above, then the Tax and any other due charges shall be paid on the basis of either the date of the disposition or use, or the date of the act discovery or the date of the amicable settlement whichever imposes the greater Tax in any of the said cases.

(b) Notwithstanding the provisions of paragraph (a) above, the Tax payable on exempt cars shall be based on the value determined by the Customs Department.

Chapter Eight: Tax Collection

Article (26)

(a) The Registered person shall pay the Tax due to the Department regularly in accordance with his declaration or the amended declaration at the date prescribed in accordance with the provisions of this Law.

(b) The importer of the goods must pay the Tax due on them at the clearance stage from the Customs Department in accordance with the applicable procedures for the payment of the Customs duties. The final clearance on these goods shall not be affected until the Tax due is paid in full.

(c) The importer of services must pay the Tax due to the Department in any of the following cases whichever is earlier:

- (1) Within one month of the date when the payment or any part thereof is made for the imported service limited to what is related to that part.
- (2) When the means that includes the service is released from Customs.
- (3) During a period of six months of the date of receiving the service or any part thereof limited to what is related to that part.

(d) Notwithstanding the provisions of paragraph (b), (c) above, in case where the importer is registered, the Director may, by instructions, defer the payment of the tax payable on goods and services at importation.

(e) In case where the Tax is not paid by the prescribed date, in accordance with the provisions of this Law, including the cases provided for under paragraphs (d) and (e) of Article (16) of this Law, a delay penalty of (0.004) shall be due for every week of delay or part thereof. The delay penalty is collected in conjunction with the Tax, in accordance with the provisions of this Law.

(f) When the assessment order or the amendment order becomes final in accordance with the provisions of this Law, the prescribed Tax becomes due, and if not paid within one

week of the due date, the delay penalty referred to in paragraph (e) of this Article shall be payable as of the due date.

Article (27)

(a) If the Tax or any of the amounts due to the Department are not paid within the period prescribed by this Law, the Department shall serve the Person a notice demanding payment of the Tax and other amounts due within a period of 30 days of the date of the service. If the taxable person fails to pay within this period, it shall be collected in accordance with the State Funds Collection Law. The Director in this case shall exercise all the powers conferred to the local governor and the state funds committee under that Law.

(b) The notice served to the taxable person demanding him to pay the tax and all sums due according to paragraph (a) above shall be deemed to be sufficient for the Director to commence enforcement and seizure actions according to the State Funds Law with no need to take any of the notice serving actions or publication procedures provided for under articles (6), (7) of that Law.

Chapter Nine: Control

Article (28)

(a) The Director and sales tax officers duly authorized by him in writing shall be deemed to have been vested with the police powers while performing their duties within the limits of their authority.

(b) Public authorities shall give the sales tax officers the assistance needed to enable them carryout their jobs.

Article (29)

(a) Anyone who formally assumes responsibility to implement the provisions of this Law shall be required to consider the document, information, reports, manufacturing means and techniques and any other data relevant to this Law or to the application of its provisions and the copies he examines as secret and confidential and deals with them accordingly..

(b) The Department may exchange information with Ministries, governmental departments and public institutions and demand documents for the purposes of enforcing the provisions of this Law.

Article (30)

(a) The authorized sales tax staff shall undertake control over premises where transactions of taxable goods and services take place, and examine and audit the relevant records and accounts. The people in charge in the concerned associations and businesses shall be

required to facilitate their job. They may also take samples of goods for analysis and seek assistance of experts and competent people to carryout their jobs.

(b) In case where there is a need, while the sales tax officer is carrying out his job, to inspect production and supply operations for a potential fraud or violation to this Law, such procedures shall only be done by a special search warrant issued by the Director on case-by-case basis. The officer in this case may uplift records and documents for a maximum period of 6 months and, in relation to goods, for a maximum period of 3 weeks of the date when the taxable person has produced all the required documents.

(c) Residential accommodations can only be inspected according to the actions provided for under the Criminal Proceeding Law and upon sufficient evidence.

Article (31)

Control shall be indirect, whether accounts based or automated. However, The Minister may impose physical control if he sees a necessity in so doing provided that he sets out by means of Executive Instructions ways and limits of control over the premises and taxable businesses where taxable supplies are made according to the circumstances and considerations he estimates.

Chapter Ten: OFFENCES AND SANCTIONS

FIRST: Misdemeanors and penalties thereof (civil fraud)

Article (32)

Apart from the criminal tax offences provided for in this Law, the Director may impose a penalty not less than JD100 and not more than JD500 on the person who commits any of the following misdemeanors:

(a) Failure to apply for registration at the Department for a period not exceeding 60 days of the due dates of registration prescribed under Article (13) of this Law.

(b) Failure to submit the tax return within the periods prescribed under this Law.

(c) Submitting a Return containing an under declaration not exceeding (10%) or JD5000, whichever is lower, of the true value of taxable supplies of goods or services.

(d) Violating the provisions of Article (18) of this Law if that led to an under declaration not exceeding JD500 of the tax due.

(e) Failure to inform the Department of changes in the information provided in the application form for registration within the prescribed time limit.

(f) Non-complying, without reasonable excuse, with the attendance warrants, notices, or demands issued in writing by the sales tax officers while performing their duties and responsibilities defined under this Law

(g) Disposal of any of the tax-exempt goods or using them for purposes other than those for which they were exempted in a way contravening the provisions of Article (25) of this Law if that led to an under declared tax not exceeding JD500.

(h) The attribution of rates or descriptions, or both, to taxable goods or services in contravention of the taxable rates and descriptions set out in this Law, if that led to an under declared tax not exceeding JD500.

(i) Claiming a deduction or refund of tax in a manner that contravenes the provisions of this Law, where the excess deduction or refund does not exceed JD500.

(j) Claiming a deduction or refund of tax on goods taken for personal use, or which were used in the production of goods that were taken for personal use where the amount of the deduction or refund does not exceed JD50.

(k) Submitting or issuing inaccurate documents or information if that resulted in an under declared tax of no more than JD500.

Article (33)

Procedures and appeals and compoundments relating to misdemeanors:

(a) A person contravening the provisions of this Law shall be served a notice according to the procedures stated under this Law showing the fine imposed on him, which he is required to pay within 30 days of the date of notice.

(b) Penalty decisions made by virtue of Article (32) of this Law may be appealed to the Minister within the time limit stated under paragraph (a) above. The Minister may confirm, modify, cancel or mitigate the penalty as appropriate and upon reasonable grounds.

(c) The decision made by the Minister by virtue of paragraph (b) above may be appealed to the competent court within 30 days of the date of notice. The court may approve, modify or cancel the penalty as appropriate.

(d) The Director, or a person authorized by him, may agree to make an amicable settlement concerning the alleged misdemeanors set out in Article (32) of this Law in return for payment of the tax involved together with a penalty of not less than half the minimum limit and not exceeding half the maximum limit of the fines provided for in Article (32), prior to the issuance of a final court judgment. The settlement shall have the effect of ceasing any penalty proceedings, dropping of the case completely and the cancellation of any of the consequences resulting there from.

SECOND: Misdemeanors and penalties thereof (criminal fraud)
(Tax evasion offences)

Article (34)

The following acts shall be regarded as tax evasion:

(a) A delay in submitting the application for registration with the Department for a period exceeding 60 days from the end of the date prescribed for registration pursuant to Article (13) of this Law.

(b) Cancellation the registration of a taxable person, on his request, despite the fact that the person is still liable to registration in accordance with the provisions of this Law.

(c) Submitting a Return containing an under declaration exceeding (10%) or JD5000, whichever is lower, of the true value of taxable supplies of goods or services.

(d) Violating the provisions of Article (18) of this Law if that led to an under declaration exceeding JD500 of the tax due.

(e) Charging undue tax by any person unless the tax is remitted to the Department within the period prescribed by this Law or is remitted prior to the discovery thereof.

(f) Obstruction of sales tax officers from doing their jobs or exercising their powers of control and inspection given by this Law.

(g) Disposal of any of the tax-exempt goods or using them for purposes other than those for which they were exempted in a way contravening the provisions of Article (25) of this Law if that led to an under declared tax exceeding JD500.

(h) The attribution of rates or descriptions, or both, to taxable goods or services in contravention of the taxable rates and descriptions set out in this Law, if that led to an under declared tax exceeding JD500.

(i) Claiming a deduction or refund of tax in a manner that contravenes the provisions of this Law, where the excess deduction or refund exceeds JD500.

(j) Claiming a deduction or refund of tax on goods taken for personal use, or which were used in the production of goods that were taken for personal use where the amount of the deduction or refund does not exceed JD50.

(k) Submitting or issuing inaccurate documents or information if that resulted in an under declared tax exceeding JD500.

(l) Submitting or issuing of forged or falsified documents with the intention of reducing the amount of tax properly due or claiming deductions or refunds in contravention of the provisions of this Law.

(m) Knowingly possession of taxable goods by a person for trading purposes where the tax on which has been evaded.

(n) Failure to pay the tax due on an imported service for a period exceeding 3 months of the due date prescribed under this Law.

Article (35)

A person who commits any of the criminal tax fraud offences shall be liable to a civil compensation to the Department of not less than twice and not more than thrice the tax and a criminal penalty of not less than JD200 and not more than JD1000. In case of recurrence for a second time, the criminal penalty imposed shall be doubled. If the offence recurs within one year thereafter, the court may impose the criminal fine at its highest limit, a term of imprisonment for a period not less than three months and not exceeding six months, or both.

Article (36) Compoundment of tax evasion

The Minister or his deputy may arrange for a settlement of a case involving tax evasion against payment of the tax alleged to have been evaded together with a penalty as civil compensation equivalent to the amount of tax involved before court proceedings are completed. Settlement under this Article shall have the effect of dropping the case and ceasing any penalty proceedings, and the cancellation of any of the consequences resulting there from.

Chapter Eleven

Article (37) COURT PROCEEDINGS

(a) The Customs Court of first instance shall be competent to consider all offences provided for in this Law in addition to any provided in the regulations and executive instructions issued there under. The court shall have the right of detention and release in respect of such offences and shall examine the legal issues arising as a consequence of the implementation of the provisions of this Law.

(b) Proceedings shall be commenced in the case of alleged offences provided for under paragraph (a) above at the request of the Director.

(c) The Customs Court of First Instance will not hear any case against the Department relating to the Tax and the fines unless the plaintiff pays the declared amount in full provided that a fine equivalent to 10% per annum of the amounts disputed be imposed at the time of the issuance of judgment and proof that the plaintiff is not justified in his suit for the period from the date of commencement of the dispute and until the full settlement thereof.

(d) The amounts subject to the delay fine stipulated in Article (26) of this Law shall be exempt from the 10% fine referred to at the end of paragraph (c) of this Article. The delay fine, in this case, shall be collected for the period starting from the date the Tax was due to be paid pursuant to this Law.

Article (38)

(a) Rulings of the Customs Court of First Instance may be appealed to the Customs Court of Appeals after posting bail equivalent to the amount assessed by the earlier court. Judgments by the Court of Appeals shall be final and binding.

(b) Rulings by the Court of Appeals on legal pleas may be heard by the Court of Cassation (Supreme Court) if:

- (1) The amount involved is not less than JD 1000.
- (2) The disagreement is over a previous ruling involves an innovative legal point, special complexity or a matter of general importance and the Customs Court of Appeals so agrees. The case for cassation shall be filed within ten days following notification of the Customs Court of Appeals' ruling.
- (3) If the Customs Court of Appeal refuses to permit cassation, the appellant shall have the right to request such permission from the Chief Justice of the Court of Cassation within ten days of the refusal of permission.
- (4) If the Customs Court of Appeals or the Chief Justice of the Court of Cassation grants such permission, the appellant shall file the cassation plea within ten days of notification of such permission.

(c) The powers of the Attorney General in cases relating to the Tax before the Customs Court of First Instance and Appeal and the Court of Cassation and other courts are conferred on one public prosecutor or more appointed by the Minister from the legal staff of the Department or the Customs Department. The said public prosecutors have the right to investigate, litigate, and appeal to the Court of Appeal and Cassation the judgments issued in such cases.

(d) Notwithstanding any other legislation, half of the service spent by the public prosecutor appointed by virtue of this Law shall be considered as accepted service for the purposes of attorneys' association law and independent court law.

Article (39)

(a) The Customs Court of First Instance and the Customs Court of Appeals shall apply the legal hearing proceedings stipulated by the Customs Law and the laws on penal and civil litigation proceedings within the limits of and without detriment to the provisions of this law.

(b) The provisions of the Customs Law in force shall apply to the imported goods of which a customs infraction or smuggling offence has been committed as stated in the Customs law and resulted in tax loss.

Chapter Twelve: Execution

Article (40)

(a) The Director General shall issue collection orders for the taxes and the fines in the cases that have been settled amicably pursuant to the provisions of this Law or for the taxes and fines that have been ordered by the courts. These orders shall be served on the concerned parties in accordance with the service provisions stipulated in paragraph (d) of Article (27) of this Law to notify them of the necessity of the payment thereof within one month of the date of service.

(b) If the taxes or fines are not paid within the period prescribed for the settlement of collection orders by virtue of paragraph (a) of this Article, the Director may immediately proceed with foreclosure and execution proceedings in accordance with the provisions of the applicable "State Funds Collection Law", without the need to abide by any of the service or publication procedures stipulated in Articles (6) and (7) of the said Law.

(c) Fines for offences of evasion pursuant to the provisions of this Law shall be considered as civil indemnification of the Department and shall not be governed by the provisions of the law and general amnesty.

(d) The department shall have the right to sell any abandoned goods after six months, if no claim is filed for them within that period. Any residual amount remaining after deduction of the tax due, any fines or other expenses from the sales price shall be held in trust by the Department on behalf of the owners of the goods.

(e) Notwithstanding the provisions of paragraph (d) above, the Department shall have the right to sell the perishable goods in dispute, holding the price received in trust pending settlement of the dispute in question.

Article (41)

A fund shall be established in the Administration, to which a percentage not exceeding 20 percent of the proceeds of the fines shall be credited, for the purpose of improving working conditions, enhancing Department staff efficiency and providing health, cultural, social and housing services as well as incentives for outstanding performance and for all who have been instrumental in revealing any tax evasion or have apprehended contraband goods. Ministerial Regulations governing this fund and the related procedures will be issued.

Chapter Thirteen: Consideration for Services

Article (42)

The Minister shall, by instructions, specify the charges to be paid by taxable persons for publications, stamp duties, distinguishing markings and fees for analysis.

Chapter Fourteen: Prescription and the Drop of the Case and the Debt

Article (43)

(a) No claim or plea to recover tax or fines due shall be considered after a period of three years since the debt was established.

(b) The Department shall not have the right to claim any tax or fines payable in accordance with the provisions of this Law after a period of five years has elapsed since the date on which they fell due, unless there are legitimate reasons preventing such claim having been made in this period.

Article (44)

(a) The public right case for felonies and misdemeanors stipulated in this Law shall be dropped by the lapse of 3 years from the date of the occurrence of the act if no follow-up action has been taken in respect thereto.

(b) Penalties ordered in accordance with this Law should lapse if not executed within five years of the date the ruling was made in case of ruling in presence, and of the date the ruling was served to the sentenced person in case of a ruling in absentia (by default).

(c) The financial rights of the Department that are established by a court ruling or by a declaration of the taxable person shall not lapse by time.

(d)

(1) Notwithstanding the provisions of any other legislation, the Minister may, upon the recommendation of the Director, issue an order for the provisional attachment on the movable and immovable property belonging to any Person or preventing him from travel abroad if required by the Department to pay the tax or any other charges due in accordance with the provisions of this Law upon sufficient evidence by the Department indicating that the said Person may smuggle his property or dispose of it with the intention of bypassing the Department's rights over his property or preventing the execution of judgment thereon in any way.

(2) The decision taken by the Minister according to Sub-paragraph (1) above may be challenged before the competent court.

Chapter Fifteen: General Provisions

Article (45)

The tax, which may become due on goods approved by the Director General of Customs to be entered under the Inward Processing procedure shall be secured by a bank guarantee or any other guarantee acceptable to him until such time as the entitlement to relief status of the goods is terminated according to the conditions and procedures to be specified by executive instructions.

Article (46)

(a) The Ministry of Industry and Trade shall supply the Department with a copy of the industrial, trade, service or other registrations issued by the Ministry and which concern the Persons dealing with the goods or services subject to the provisions of this Law.

(b) The producer of any goods or supplier of any service shall be required to furnish the Department with a copy of the business registration given to him within 30 days of registration, together with a description of the goods to be produced or the service to be provided.

(c) The producer of any goods or supplier of any service shall inform the Department of any full or partial suspension of his business within a week of the date of suspension.

Article (47)

(a) The Director may authorize any of his staff to exercise the powers given to him subject to such authorization be specific and in writing.

(b) The Director may seek assistance of the experts and competent people, as necessary, to enable him to carry out the responsibilities entrusted to him by virtue of the provisions of this law.

Article (48)

(a)

- (1) For the purposes of this Law a taxable person shall be served a notice either to him personally or to a person authorized by him or by using registered mail addressed to his postal address if known or as shown on his application for registration.
- (2) The registered person address shown on his application for registration shall remain valid for the purpose of serving notices by registered mail and any change in that address shall not be valid unless the change has been notified in writing to the Department and acknowledged by them.

(b) In cases where a notice is served by registered post, the service of the notice shall be deemed to have been effected to the person concerned after the expiry of 30 days from the date when that notice was sent if the person in question is resident in the Kingdom or after 45 days if the person is resident outside the Kingdom. It shall be sufficient to establish that the service of the notice has taken place if evidence is produced to show that the notice was sent by registered post to the proper address unless the Director or the Court is satisfied that the person in question has not received the notice.

(c) Should it not be possible to serve the notice in accordance with paragraphs (a) and (b) above, the Director may twice at least publish the notice in two local daily newspapers. The relevant expenses shall be assumed by the person in question such publication shall be considered as legal of all legal aspects.

Article (49)

The Council of Ministers shall issue the necessary regulations to execute the provisions of this Law.

Article (50)

(a) The Minister may, upon recommendation of the Director, make executive instructions to implement the provisions of this Law, including the instructions in relation to the following:

- 1- Registration and de-registration.
- 2- Tax Returns and Tax Periods.
- 3- Payment of Tax and deferred payments.
- 4- Tax credit and Tax refund.
- 5- Exportation of goods and services.
- 6- Invoices and accounting records.
- 7- Exempt goods and services supplied to exempt-bodies (relieves).

(b) Executive instructions shall be published in the Official Gazette.

Article (51) Repeals

Law No. (34) of 1988 on Consumption Tax shall be hereby repealed.

Article (52)

The Prime Minister and the other Ministers shall be entrusted with the execution of the provisions of this Law.

**Schedule (1) Of the goods subject to the Special Tax, Annexed to the Sales Tax Law
No. (6), 1994 as amended**

- (1) Cement Of all kinds.
- (2) Construction and reinforcement iron, plates, rods, angles, shapes, sections, tubes and the like, prepared for use in structures, of iron or steel.
- (3) Mineral lubricants and other lubrication materials and preparations containing by weight 70% or more of petroleum oils or of oils obtained from bituminous materials.
- (4) Soft drinks.
- (5) Beer, including non-alcoholic beer
- (6) Ethyl alcohol, indentured.
- (7) Spirits and alcoholic beverages, including wines and other fermented beverages.
- (8) Tobacco and tobacco products.
- (9) Vehicles.

Schedule (2) Of the zero-rated goods, Annexed to Sales Tax Law No. (6), 1994 as amended.

No. DESCRIPTION

- 1.Live animals.
- 2.Meat and edible meat offal.
- 3.Fish, fresh, chilled, frozen, dried, salted, in brine, or smoked, and other fish meat other than fish livers and fish roes.
- 4.Dairy produce.
- 5.Birds egg.
- 6.Animal products, unfit for human consumption, where used to make animal feed.
- 7.Live trees and other plants.
- 8.Bulbs, roots and the like.
- 9.Edible vegetables and certain roots and tubers.
- 10.Edible fruit and nuts, fresh.
- 11.Cereals.
- 12.Wheat or meslin flour.
- 13.Cereal straw and husks, unprepared, whether or not chopped, ground, pressed or in the form of pellets.
- 14.Swedes, mangolds, fodder roots, hay, Lucerne (alfalfa), clover, sainfoin forage kale, lupines, vetches and similar forage products, whether or not in the form of pellets.
- 15.Olive oil.
- 16.Cereal grains, fruits, nuts, seeds and kernels prepared for planting, whether or not preserved or canned.
- 17.Bread made from wheat flour, simply baked with no additives such as (sugar, oils, egg or milk).
- 18.Food preparations for infant or handicapped use; food preparations exclusively used for special illness cases.
- 19.Drinking water other than water put up for sale at retail level.
- 20.Residues and waste from the food industries; fodder preparations for animals.
- 21.Petroleum oils and oils obtained from bituminous minerals, crude; other than crude; petroleum gases and other gaseous hydrocarbons.
- 22.Pharmaceutical products.
- 23.Fertilizers and other items used as fertilizers.
- 24.Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant growth regulators; disinfectants.
- 25.Books and similar printed materials, whether or not loose-leafed, printed newspapers, magazines and periodicals, whether or not with pictures or announcements.

Schedule (3) Of the tax-exempt goods and services, Annexed to Sales Tax Law No. (6), 1994 as amended.

FIRST: EXEMPT-GOODS

No. DESCRIPTION TARIFF HEADING

- 1.Live animals.01.01 to 01.06
- 2.Meat and edible meat offal.02.01 to 02.10 EXCLUDING 02.09 AND DRIED OR SMOKED ITEMS AND FLOURS AND MEALS OF HEADING 02.09, 02.10
- 3.Fish, fresh, chilled, frozen, dried, salted, in brine, or smoked, and other fish meat other than fish livers and fish roes. 03.01 to 03.07
EXCLUDING 0301.10 (ornamental fish)
- 4.Dairy products.04.01 to 04.06
- 5.Birds' eggs, in shell, fresh, or chilled to maintain validity.04.07
- 6.Animal products, unfit for human consumption, where used solely to make animal feed. 05.11
- 7.Bread, pies and cake produced by bakeries other than pizza.1905.903,1905.904, 1906.20, 1905.10
- 8.Water, other than water put up in containers of capacity not exceeding 5 liters.2201.90
- 9.Live trees and other plants.06.01
- 10.Bulbs, roots and the like.06.01
- 11.Edible vegetables and certain roots and tubers.07.01 to 07.14
- 12.Canned food (sardines, tuna, bulbeef). Wheat or meslin flour.1604.13, 1604.14
- 13.Edible fruit and nuts, fresh.08.01 to 08.10
- 14.Cereals.Chapter 10
- 15.Dried leguminous vegetables, shelled, whether or not skinned or split: peas, chickpeas, beans, kidney beans, lentils, broad beans and horse beans.07.13
- 16.Cereal groats, meal and pellets.11.03, 11.04
- 17.Cereal straw and husks, unprepared, whether or not chopped, ground, pressed or in the form of pellets.12.13
- 18.Swedes, mangolds, fodder roots, hay, Lucerne (alfalfa), clover, sainfoin forage kale, lupines, vetches and similar forage products, whether or not in the form of pellets.12.14
- 19.Vegetable oils including olive oil.1507 to 1515, 1516, 1517, 1518
- 20.Animal or vegetable fats.1516, 1517, 1518
- 21.Cereal grains, fruits, nuts, seeds and kernels prepared for planting, whether or not preserved or canned.1209
- 22.Honey. Means natural honey produced by bees or other insects and obtained by centrifusion or blocks and not containing added sugar or other sweetening matter. It does not include artificial honey.0409
- 23.Tea: all kinds of tea of the species (thea). 0902
- 24.Sugar. Other than caramel and honey substitutes of glucose syrup.1701, 1702
- 25.Petroleum oils and oils obtained from bituminous minerals, crude; other than crude; petroleum gases and other gaseous hydrocarbons. (Excluding lubricant and lubricating materials.27.09 to 27,10 excluding 2710.0061, 2710.0062, 2710.0063, 2710.0069 and the petroleum gases of heading 2711, 2712.10, 2713.12, 2713.11, 2714
- 26.Gold of all kinds, jewelry and ornaments of gold, valuable metals and their parts and other precious stones.7102, 7103, 7104, 7113, 71.8 other than 7113.20
- 27.Banknotes and coins.4907, 7118

- 28. Residues and waste from the food industries; fodder preparations for animals. 2308, 2309
- 29. Phosphate. 2510
- 30. Potash. 3104
- 31. Ambulances and hearses. 87033221, 87033213, 870313, 8703223, 8703241.313, 8703903, 870323.21.31, 87033311, 21
- 32. Fire engines. 8705
- 33. Hand-operated vehicles without pedals for use by disabled persons. 4703, 4704
- 34. Electricity, including generation, transfer and distribution.
- 35. Pebbles, gravel, broken or crushed stone, of the kind commonly used for concrete aggregates, for road metalling. Limestone flux; Limestone and other calcareous stone, of a kind used for the manufacture of lime or cement other than crude sandstone. 2516.21, 2517.10, 2521.10
- 36. Tiles, flagstone bricks and similar articles other than heated blocks. 6810.19
- 37. Gasoline or gas-operated stoves. 7321.81
- 38. Firefighting equipment, alarms, and air and liquid purification equipment used for environment protection. 8224, 8421.211, 8421.291, 8421.391
- 39. Inputs of drug s industry. Incompatible with the tariff.
- 40. Pharmaceutical products. Chapter (30)
- 41. Laboratory reagents. 3002, 3006.20, 3822
- 42. Quicklime and neutral lime, and sand-lime bricks. 2522.10
- 43. Traditional sweets (kenafa, hareesa, and awamma). 2106
- 44. Plastic carpets for floor covering; textile containers. From Chapter 57
- 45. Herbs for medical use. 12.11
- 46. External tyres of a kind used on buses or lorries of measure 17-24 Inches. 4011.20
- 47. Tents and accessories. 6306

Second: EXEMPT SERVICES

- (1) Financial services, which includes: -
 - (a) Banking services and other similar services, as defined in the Banks Law.
 - (b) Tools of the stock market and the financial services firms and investment funds and investment firms as defined in the Stock Act.
 - (c) Exchange services as defined in the Exchange Law.
- (2) Educational services provided by the following bodies:
 - (a) Schools and kindergartens.
 - (b) Institutes.
 - (c) Universities.
 - (d) Colleges.
 - (e) Other establishments carrying out similar activities.
- (3) Social services
 - (a) Charities, orphanage centers and disabled centers.
 - (b) Religious and charitable institutions.

- (c) Relief agencies.
- (d) Fund raising for welfare purposes.
- (4) Medical services provided by:
 - (a) Health services (doctors, human therapy, veterinary, dentistry).
 - (b) Hospitals and clinics.
 - (c) Laboratories for health and medical purposes.
 - (d) X-ray.
 - (e) Physical therapy.
- (5) Transportation services:
 - (a) Sea and air transport:
 - 1 - Passive rights whatever the way they are granted.
 - 2 - Services directly relating to the performance of passage rights.
 - 3 - Repair and maintenance of aircraft and vessels.
 - 4 - Supplies and promotion of sea and air transport services.
 - (b) Road transport services:
 - 1 - Carriage of goods, other than express mail.
 - 2 - Passenger transport, other than tourist transport.
- (6) Road services including maintenance thereof.
- (7) Leasing, operating or investing of lands and properties, other than car parking, public exhibition halls, wedding halls and recreations.
- (8) Anti-pollution services relating to the environment including garbage disposal.
- (9) Services relating to disposal of the dead.
- (10) Services subject to Additional Tax under law 28.1969 as amended.
- (11) Water services:
 - (a) Disposal and treatment of wastewater and sewage.
 - (b) Water purification treatment for drinking or irrigation purposes.
 - (c) Distribution of water by the public pipes or engine tanks.
- (12) Construction services for engineering establishments and projects of all kinds.
- (13) Lawyers fees for litigating cases to the courts.

Schedule No. (4) of the non-deductible items, Annexed to the Sales Tax Law No. (6), 1994 as amended.

1. Entertainment services.
2. Goods and services exclusively used for private or personal purposes
3. Goods and services used for non-business purposes.
4. Accommodation (Board and lodging) services in hotels and Ins.
5. Returned purchases.
6. Special tax paid on inputs according to Schedule (1), unless otherwise provided for in this Law.
7. Tax paid on any goods or service used for setting up, widening, refurbishing and maintenance of buildings and immovable establishments.
8. Saloon cars (vehicles designed to carry passengers as defined in the Traffic Law), other than those purchased by businesses for trading and renting purposes